



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2778 (1956)

March 23, 1993

SUBJECT: Credit Reports For Farmer Programs Debt Settlements

TO: State Directors, District Directors, and County
Supervisors

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is to state Agency policy for obtaining credit reports for Farmer Programs debt settlements. Credit reports are obtained to ensure that the debt settlement approval official has as much current financial information as possible to determine the repayment ability of the borrowers who are requesting debt settlement. States have been informed at various training meetings and teleconferences of this requirement.

COMPARISON WITH PREVIOUS AN:

This AN replaces FmHA AN No. 2458(1956), which was issued on January 30, 1992, and expired November 30, 1992.

IMPLEMENTATION RESPONSIBILITIES:

Farmers Home Administration (FmHA) is revising FmHA Instruction 1956-B to comply with the Office of Management and Budget policies which require that credit reports be obtained for borrowers whose accounts are being considered for debt settlement. Although credit reports are not specifically required by regulations, FmHA Instruction 1956-B, Section 1956.57(c) does require considering such factors as the present and future repayment ability of the debtor and any other pertinent information to determine whether debt settlement is appropriate. Credit reports are useful in furnishing the type of information needed to make this determination. Therefore, until the regulations are revised to specifically require use of credit reports, it is required by this AN that credit reports be secured on all debt settlements except bankruptcy cases or cases in which the debt is without legal merit. Credit reports should also be obtained on entities and all individual members of the entity. The credit report(s) will be obtained without a charge to the borrower. The County Supervisor will order a credit report

EXPIRATION DATE: March 31, 1994

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1956-B

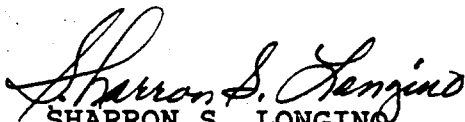


Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

through the credit report contractor. The contractors will collect their fee for the credit report from the Finance Office when they submit their monthly bill.

If you have any questions, contact Larry Purnell of the Farmer Programs Loan Servicing and Property Management Division, at FTS 202-720-1003.

ANY REVISION OR MODIFICATION TO THIS AN THAT YOU WISH TO PUBLISH AS A STATE DIRECTIVE MUST BE SUBMITTED AND APPROVED BY THE ASSISTANT ADMINISTRATOR OF FARMER PROGRAMS BEFORE IT IS RELEASED FOR IMPLEMENTATION IN YOUR STATE. THE ONLY EXCEPTION TO THIS REQUIREMENT IS WHEN THE REVISION OR MODIFICATION IS NECESSARY FOR COMPLIANCE WITH STATE LAW.


SHARRON S. LONGINO
Acting Administrator

Sent by Electronic Mail on 3/26/93 at 9:14am by GSS. The State Director should advise other personnel as appropriate.